2011

SMALL BUSINESS, BIG IMPACT

ALBERTA SMALL BUSINESS PROFILE

Government of Alberta

Alberta

Freedom To Create. Spirit To Achieve.

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PREFACE

When people think of Alberta, they think big – wide open spaces, farms and ranches, big skies and mountains. All are a part of the province's identity.

That same "bigness" could also apply to how people view business in Alberta. Given Alberta's vast wealth of natural resources and the significant growth in energy development over the past decade, it is natural for people to associate the province's economy with large, multi-national companies employing thousands of workers in the oil sands, oil, natural gas and forestry industries.

These sectors are indeed an important part of Alberta's economy, but they're not the whole story. To see the whole picture, you need to think small.

The overwhelming majority of Alberta businesses are small businesses, and they play a huge role in the province's economy.

Small businesses are defined as having fewer than 50 employees. About 98 per cent of businesses in Alberta are small businesses. They employ over one-third of all private sector workers and contribute nearly 30 per cent of Alberta's Gross Domestic Product – higher than the national average.

Alberta small businesses provide goods and services across every industry in the province. They are especially prevalent in the key industries that support our diverse, resource-based economy – such as construction, retail and wholesale trade, and professional and technical services.

In many ways, small businesses serve as the vital grease that keeps the gears of Alberta's economy turning smoothly – supplying goods and services to larger enterprises. Highly adaptive and resilient, small businesses often fill important niches and roles that larger businesses cannot. Many large industrial players depend heavily on small businesses to support their day-to-day operations – whether to build machines, design facilities, or provide highly specialized technical services such as environmental assessments or pipeline inspection. Without small businesses, our province's growth simply would not be possible.

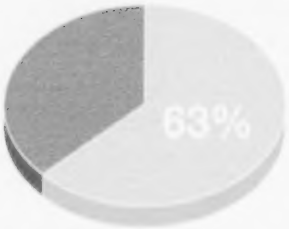
Small Business, Big Impact profiles the importance of small business to Alberta's economy. It offers facts and statistics about small businesses in the province, focuses on a number of key industries that drive Alberta's economy, and examines the role small business plays in these industries. Finally, the profile provides a snapshot of small business on a regional basis.

This publication serves as a helpful tool for business leaders, policy makers, entrepreneurs and all Albertans. It provides a means of monitoring and evaluating this substantial and diverse part of Alberta's business world. By celebrating real-life small businesses, the profile also puts a face on the entrepreneurial men and women across this province who dream, invest and work to build a strong Alberta.

HIGHLIGHTS

Cornerstone of the economy

Small businesses make up 96 per cent of all businesses in Alberta. In 2010, there were 144,396 small businesses.



Micro-business

Almost two thirds (63 per cent) of Alberta's small businesses are micro businesses. That is, businesses with one to four employees.

Major employers

Alberta's small businesses are responsible for 37 per cent of all private sector employment in the province. In 2010, there were 490,357 Albertans employed by small business.

A magnet for small business

On a per capita basis, Alberta has one of the highest numbers of small businesses in the country. In 2010, there were 39 small businesses in the province for every 1000 people, far exceeding the Canadian average of 31.

Gross Domestic Product

Alberta's small businesses contribute 29 per cent of Alberta's total Gross Domestic Product. In 2009, Alberta ranked first in the country in terms of small business GDP per capita.

1 SMALL BUSINESSES IN ALBERTA

The term "small business" can mean different things to different people. Sometimes small businesses are defined based on the size of their annual revenues, or on the value of goods they produce. In Alberta, small businesses are distinguished from medium and large businesses based on their number of employees. In this publication, a small business is defined as having between one and 49 employees.[1]

Alberta also has a significant number of self-employed individuals that play important roles in the economy. To the extent these individuals do not have paid employees, they are considered distinct from small businesses.

Small businesses in Alberta cover the entrepreneurial field. From the independent construction contractor, to the family run restaurant, to the software developer, to the growing manufacturer with dozens of employees – our province's small businesses can be found in virtually every sector. In many ways, they're the unsung leaders in diversifying Alberta's economy.

Over the past decade, the rate of new small business creation has been the highest in the country. Today small businesses are responsible for over one third of all private sector employment in the province, and they contribute almost 30 per cent of Alberta's total economy. Small businesses are anything but small in their impact.

» Small businesses contribute almost 30 per cent of Alberta's total economy

1 Statistics, tables and figures in this document are based on this definition, unless stated otherwise.

The majority of Alberta businesses are small businesses

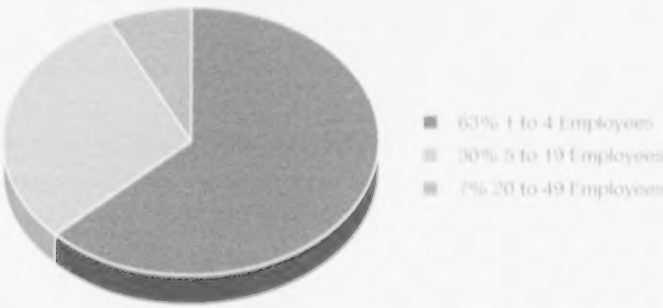
Despite the high profile of large, multi national corporations in Alberta's economy, the actual number of these businesses is quite small.

TABLE 1
Number of Businesses, Alberta, 2010

	# of Businesses	% of Total
Total Small Businesses	144,396	96%
Total Medium & Large Businesses	6,489	4%
Total All Businesses	**150,885**	**100%**

Source: Statistics Canada (Canadian Business Patterns)

FIGURE 1
Share of Number of Small Businesses, by Employee Size



Source: Statistics Canada (Canadian Business Patterns)

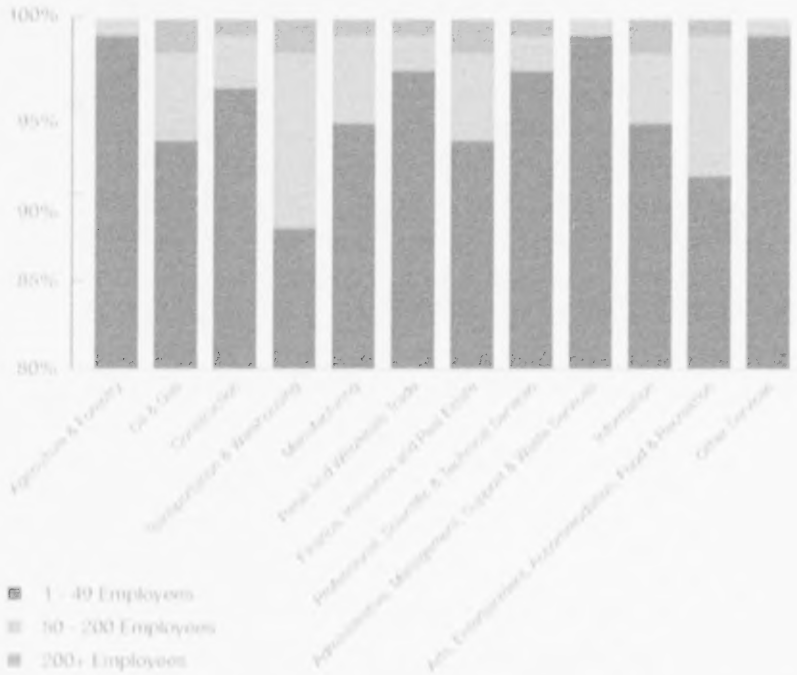
» In every industry in Alberta, at least 88 per cent of businesses are small businesses

Small businesses make up 96 per cent of all Alberta businesses. Moreover, the vast majority of small businesses are those that are the smallest. Alberta has an incredible number of micro-businesses – that is, small businesses with between one and four employees.

The prevalence of small business is reflected across the entire economy. In every industry in Alberta, at least 88 per cent of businesses are small businesses.

While this may seem surprising, it makes sense when you consider the province's economy. Large companies in forestry and energy may have hundreds of employees, but they are typically focused on a few major activities – such as harvesting timber or separating oil from sand. A multitude of other components go into these major activities. Small businesses have countless opportunities to provide goods and services at every step – such as surveying roads, building machines, transporting parts, and even providing food and accommodation to workers. This vast range of opportunities provides a fertile environment for new and growing small businesses.

FIGURE 2
Percentage of Businesses by Enterprise Size by Industry in Alberta, 2010



Source: Statistics Canada (Canadian Business Patterns)

Alberta has led in small business growth

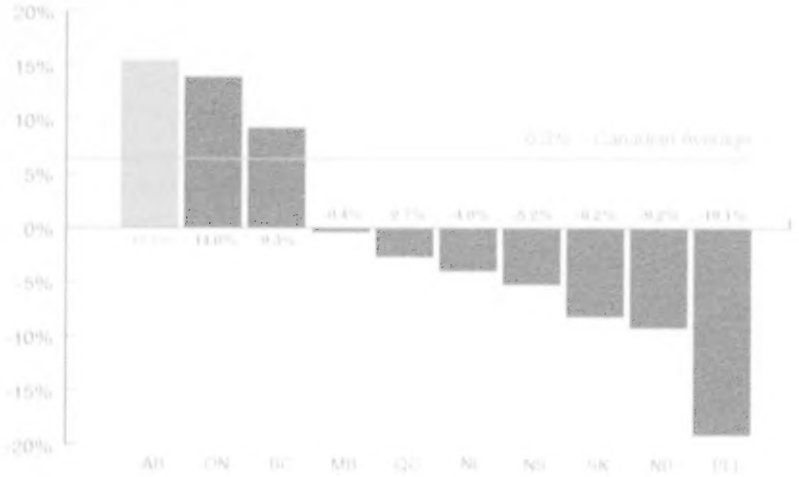
For the past decade, Alberta has led Canada in the rate of new small business creation. Between 2000 and 2010, there were 19,324 new small businesses created in the province – an increase of 15.5 per cent.[2] This is, in part, a reflection of Alberta's favourable business climate and small business tax rates.

For the past decade, Alberta has led Canada in the rate of new small business creation

2 Alberta Finance and Enterprise. (2011). *Highlights of the Alberta Economy*. Government of Alberta.

FIGURE 3

Small Business – Cornerstone of the Economy 2000 – 2010
[Percentage Change in Small Business Establishments (Less than 50 Employees)]



Source: Statistics Canada (Canadian Business Patterns); Alberta Finance and Enterprise

The overwhelming majority of small business growth between 2005 and 2010 has come in the form of micro businesses. At the same time, the number of medium and large businesses has fallen. This speaks to the agility of small businesses in filling niches and seizing opportunities in the economy.

TABLE 2

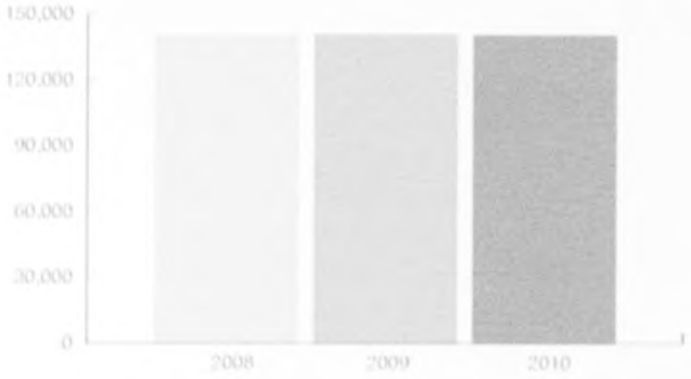
Net Growth in Number of Businesses 2005 to 2010

Number of Businesses, Alberta, 2010	# of Businesses	Growth Rate
Total Small Businesses	9,003	6.64%
Businesses with 1 to 4 Employees	8,821	10.84%
Businesses with 5 to 19 Employees	2030	4.86%
Businesses with 20 to 49 Employees	-1848	15.14%
Total Medium & Large Businesses	-1276	-16.43%
Total All Businesses	**7,727**	**5.40%**

Source: Statistics Canada (Canadian Business Patterns)

Small businesses in Alberta are also very resilient. Despite an economic recession in Alberta in 2009 and continued global concerns in 2010, the number of small businesses in Alberta remained relatively constant during those years. While larger businesses were hit hard by the downturn, small businesses appeared to be better suited to pursuing new opportunities and adapting to changing business conditions.

FIGURE 4
Number of Small Businesses in Alberta, 2008 - 2010



Source: Statistics Canada (Canadian Business Patterns)

Half of all small businesses are in construction, retail and wholesale trade, and professional services

Nearly half of Alberta's small businesses are found in three sectors – retail and wholesale trade; construction; and professional, scientific and technical services. This reflects the nature of Alberta's economy and the role small business plays in supporting Alberta's economic growth.

The concentration of small businesses in the professional, scientific and technical services sectors can be linked to Alberta's dominance in resource production. Major companies in forestry, oil and gas and oil sands depend on a myriad of professional and technical service providers such as engineers, scientists, technologists and consultants. These highly skilled members of the labour force will often work in small firms with a few employees, providing services to numerous clients. Small businesses in this industry represent an important area of growth in Alberta's knowledge based economy.

The construction industry is also a major source of opportunity for small businesses, due primarily to significant investment in the province's resource industries. Alberta has seen marked increases in residential, commercial and heavy industrial construction, all to support the province's substantial population and economic growth. Small businesses in the construction industry provide a range of architectural, inspection and building services. A substantial number are contractors specializing in various aspects of building construction.

Alberta's economic growth has also created substantial opportunities for small businesses in retail and wholesale trade. In 2010, Albertans enjoyed the highest average weekly earnings amongst all Canadian provinces,[3] meaning that they have, on average, more purchasing power than people living in other provinces. High levels of investment in the province, particularly in the energy industry, have also propelled retail and wholesale purchasing by business. In virtually every

3 Statistics Canada Survey of Employment, Payrolls and Hours.

corner of the province, small businesses can be found at the forefront of retail and wholesale trade, selling a wide range of merchandise to consumers and to other businesses.

An additional 13 per cent of small businesses fall into an aggregate mix of other services, such as personal care services; automotive repair; household goods repair and maintenance; dry cleaning and laundry; funeral services; and various religious, social, civil and advocacy organizations.

Interestingly, small businesses in certain sectors provide a proportionately larger share of employment relative to their numbers. For example, while only seven per cent of Alberta's small businesses are in arts, entertainment, accommodation, food and recreation, these businesses employ 15 per cent of all small business employees. Small businesses such as restaurants and hoteliers tend to require a higher number of employees to support their operations.

Similarly, only three per cent of small businesses are in manufacturing, yet they are responsible for seven per cent of all small business employment. Most of Alberta's manufacturers are small businesses, and the nature of their operations often requires that they employ more workers, placing these firms amongst the largest of the province's small businesses.

FIGURE 5
Proportion of Small Businesses in Alberta by Sector, 2010

Source: Statistics Canada (Canadian Business Patterns)

FIGURE 6
Share of Small Business Employees in Alberta by Sector, 2010*

Source: Statistics Canada (Survey of Employment, Payrolls, and Hours (SEPH))

* Agriculture statistics unavailable

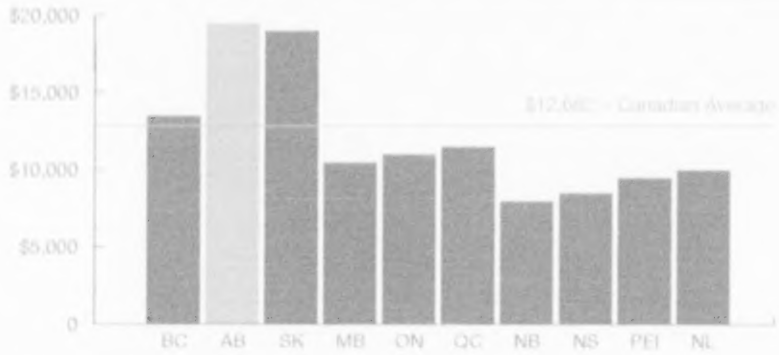
On a Canada-wide basis, Alberta small businesses hold their own

On a number of key measures, small businesses in Alberta meet or beat national averages. Considering the makeup of the provincial economy, it is fair to say that Alberta's small businesses punch above their weight.

In 2009, Alberta had the highest small business GDP per capita in the country. This figure is particularly impressive when considered against the backdrop of Alberta's resource economy. The province's GDP is heavily influenced by energy. Given the strength of oil prices and the growth of oil sands development in the province, one would expect small business to be eclipsed by the GDP of large companies. However, this is not the case. In fact, small business contributes 29 per cent of the province's GDP, which speaks to the strength of this vital component of our economy.

FIGURE 7

Small Business GDP per Capita by Province, 2009



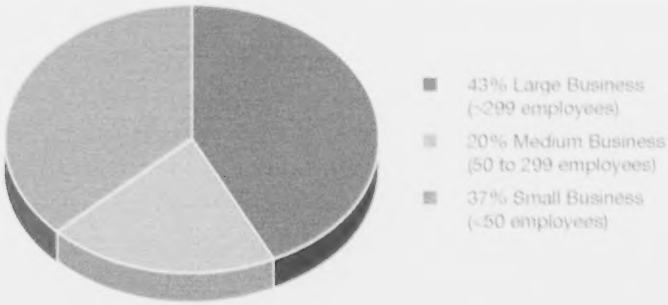
Source: Statistics Canada, BC Stats

In terms of employment, Alberta small businesses also measure up well. Thirty seven per cent of all private sector employment in the province is attributable to small businesses. In 2010, nearly half a million Albertans were employed by a small business, more than one-third of all workers.

Again, these figures are impressive considering the nature of the provincial economy. As a major producer of natural resources, Alberta has a number of very large companies employing thousands of workers. Given this, one might expect large energy companies to dominate the province's employment picture.

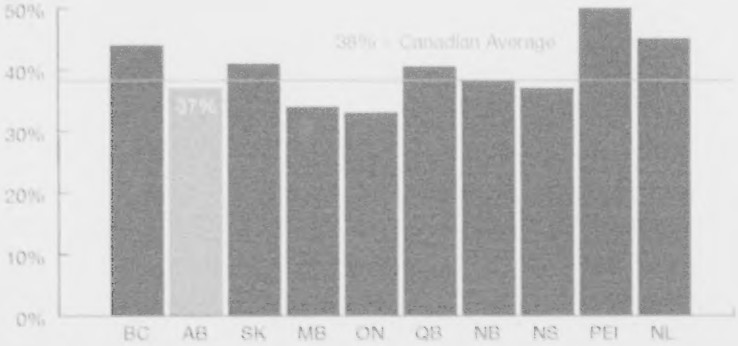
» In 2010, nearly half a million Albertans were employed by a small business

FIGURE 8
Share of Total Employment in Alberta, 2010



Source: Statistics Canada (SEPH)

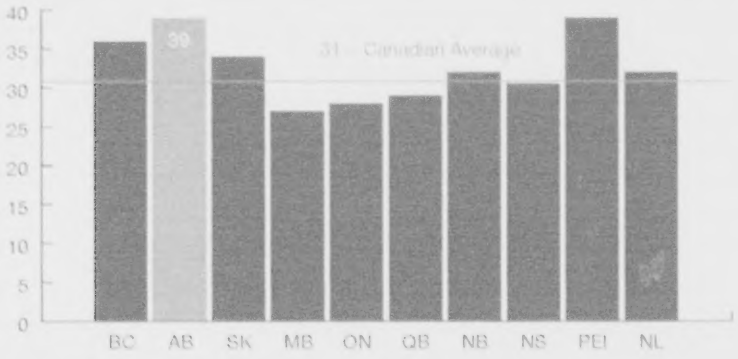
FIGURE 9
Small Business as a Percentage of Private Sector Employment by Province, 2010



Source: Statistics Canada (SEPH)

Alberta also has amongst the highest numbers of small businesses per capita in the country.

FIGURE 10
Number of Small Businesses per 1000 People, by Province, 2010



Source: Statistics Canada (Canadian Business Patterns)

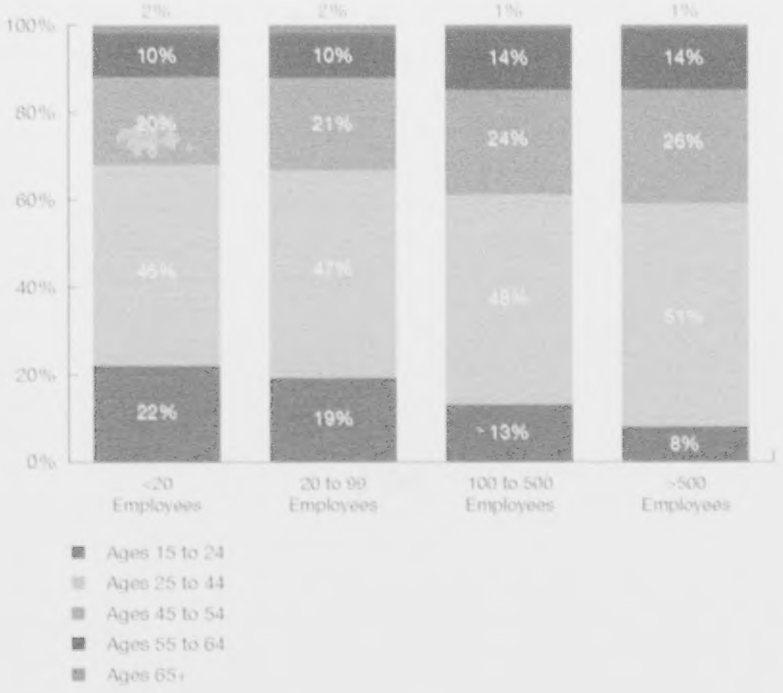
Small businesses are a major employer of youth

In addition to supporting Alberta's economic growth, small businesses are also a major source of employment for Alberta's youth. Compared to medium and large businesses, small businesses have a younger workforce. Among businesses with fewer than 20 employees, 22 per cent of workers are aged 15 to 24.

Larger businesses tend to be more knowledge-based and require employees with higher levels of education and more years of experience. The age distribution of workers across different sizes of business reflects the mobility of workers as they acquire this education and experience. In many ways, small businesses serve as an important training ground, providing younger workers with opportunities to enter the workforce and build their resumes.

FIGURE 11

Age Structure of Employment by Enterprise in Alberta, 2010



Source: Statistics Canada (Labour Force Survey (LFS))

» Among businesses with fewer than 20 employees, 22 per cent of workers are aged 15 to 24

ALTERNATIVE ADVENTURES

JASPER, ALBERTA

Darrel Bossert grew up in Jasper and, like all Albertans, he always knew Alberta is incredibly blessed in having Jasper National Park. People come from all over the world to see the majestic mountains, take in the fantastic landscapes and see some magnificent wildlife.

Most everyone would see Jasper the typical way: drive around to various sites; take some hikes; do some camping.

Imagine, Darrel thought, if people could experience Jasper a different way. Not motoring on the ground – but soaring through the air like a "superhero." Darrel had the dream to create an alternative adventure around Jasper National Park – one suitable and fun for families and all ages.

"I've always known the potential of this corridor for tourism," says Bossert, who was raised in Jasper. "There's a huge market out there."

Darrel's dream came true when his company, Alternative Adventures, opened Jasper's Zipline Adventure in 2007. Just outside the park's east gates, Jasper's Zipline Adventure is designed, engineered and inspected to offer adventure-seekers one of the most unique Zipline experiences available in the world today.

Unlike other lines where passengers sit upright in a harness, Jasper's Zipline Adventure enables adventure-seekers to fly horizontally, like a comic book "superhero." Riders experience a sensation similar to launching and flying a hang glider with a panoramic view of the Canadian Rockies as their backdrop.

Best of all, the unique Zipline is adjustable for all levels of adventure, age and experience. With his professional and knowledgeable approach, Darrel takes time to review procedures and make every thrill-seeker comfortable.

"We've had a four year old on the system, and we've had an 89 year old woman try," he says. "We get people you would never dream of doing this."

Before they know it, riders are soaring through the air – experiencing Jasper National Park in truly unique and alternative way.

www.alternativeadventures.ca

2 KEY INDUSTRIES IN FOCUS

Given their large numbers and substantial contribution to the provincial economy, it makes sense to understand the role small businesses play in contributing to the vitality of Alberta's key industries. This section profiles small business in four sectors: manufacturing; oil and gas; architecture, engineering and construction; and transportation.

These sectors have been highlighted based on their importance to the Alberta economy. Many of these industries have also been the subject of recent Alberta government discussions and analyses, including the Alberta Competitiveness Council's 2011 report, *Moving Alberta Forward*.

Manufacturing

The manufacturing sector provides employment to thousands of Albertans and is a key contributor to the overall economy. Between 2000 and 2010, Alberta's manufacturing shipments increased by 35 per cent, to $60.1 billion.[4] Manufacturing firms produce essential products and offer services that enable and support a variety of other industries – such as the oil sands, conventional oil and gas, construction and agriculture.

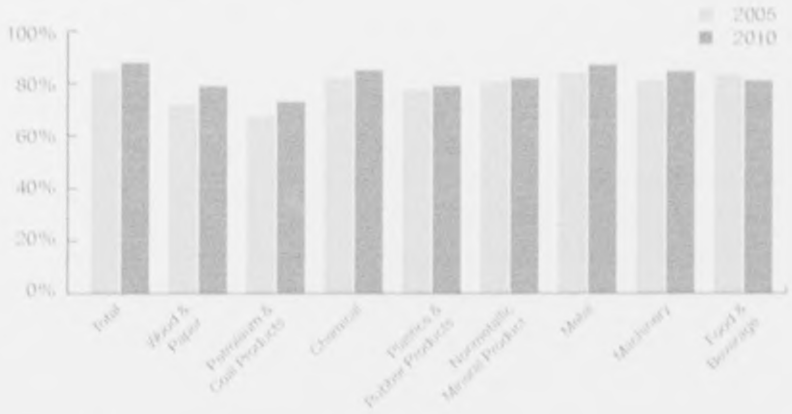
Small business plays a very significant role in the manufacturing industry – 88 per cent of the sector is comprised of small businesses. Alberta's small manufacturing companies provide specialized products and services to the province's large resource producers. In addition, these businesses represent an important source of value added activity in the provincial economy.

» 88 per cent of the manufacturing sector is comprised of small businesses

4 Alberta Finance and Enterprise. (2011). *Highlights of the Alberta Economy*. Government of Alberta.

FIGURE 12

Small Businesses as a Percentage of Manufacturing Industry in Alberta



Source: Statistics Canada (Canadian Business Patterns)

Small businesses in the province are highly involved in metal fabrication[5] and machinery and equipment manufacturing. One third of small businesses in the manufacturing sector are in these two sub-sectors, reflecting their critical importance to the province's overall economy.

Goods produced by these firms include a variety of metal components and equipment for large companies in the energy industry. Examples include pressure equipment for oil sands developments and drilling rigs for conventional oil and gas. Demand for Alberta equipment and expertise in international oil and gas markets is growing. Exports of specialized equipment and industrial machinery are a significant source of revenue for many Alberta manufacturers.

TABLE 3

Total Small Businesses in Manufacturing, Alberta, 2005 & 2010

Industrial Group	2005	2010	5-Year Change
Total Manufacturing	**4,620**	**4,493**	**-3%**
Wood & Paper Manufacturing	252	256	2%
Petroleum & Coal Products Manufacturing	27	36	33%
Chemical Manufacturing	213	194	-9%
Plastics & Rubber Products Manufacturing	147	135	-8%
Nonmetallic Mineral Product Manufacturing	211	202	-4%
Metal Fabrication	854	926	8%
Machinery Manufacturing	546	589	8%
Food & Beverage Manufacturing	454	394	-13%

Source: Statistics Canada (Canadian Business Patterns)

5 Metal fabrication includes "primary metal manufacturing".

Oil and Gas

There is little doubt that the oil and gas industry is a major driver of the province's economy. In 2010, Alberta was responsible for about three-quarters of Canada's crude oil production, and 74 per cent of the country's natural gas production.[6] Energy development accounts for almost one-third of the province's total GDP.[7]

Oil and gas is expected to remain a dominant part of the economy for decades to come. Alberta has the third-largest petroleum reserves in the world, after Saudi Arabia and Venezuela. The Energy Resources Conservation Board forecasts that production of marketable oil sands will reach 3.3 million barrels per day by the year 2020.[8]

Given these statistics, it is easy to see why entrepreneurs identify numerous opportunities to provide goods and services to the oil and gas industry. Small businesses are also particularly well represented in the production of conventional oil and gas. These are often junior oil and gas companies that operate a limited number of oil and gas wells. In many cases these small businesses are highly innovative, developing and deploying new technologies aimed at extending the productive life of existing wells.

Small business makes up nearly 95 per cent of all oil and gas drilling and service firms in the province. This reflects the economics of the energy sector, where the level of oil and gas drilling activity can vary considerably from year to year depending on the strength of oil and gas prices. Drilling and service work is also very seasonal in nature. Therefore it makes sense for large energy companies to depend on smaller businesses for their drilling and service needs, rather than maintain their own dedicated drilling and service capacity. This again illustrates the important role small business plays in filling niches and driving the broader economy.

» Small business makes up nearly 95 per cent of all oil and gas drilling and service firms in the province

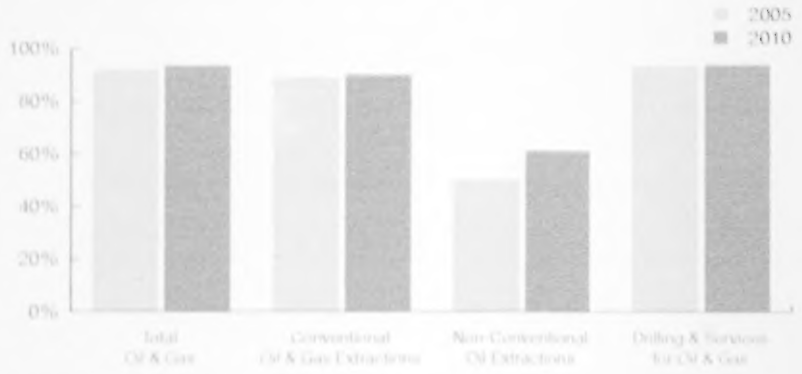
One area where small business representation has room to grow is in unconventional oil and gas extraction. This reflects the historic tendency of very large energy corporations to be involved in oil sands production, given its scale and capital-intensive nature. However, this tendency is changing, and the number of small businesses involved in unconventional oil and production is rising. While small businesses comprised only half of unconventional oil and gas producers in 2005, in 2010 they accounted for more than 60 per cent of this sub-sector.

6 Alberta Finance and Enterprise. (2011). *Highlights of the Alberta Economy*. Government of Alberta.

7 Alberta Energy. (2010). *Energizing Investment: A Framework to Improve Alberta's Natural Gas and Conventional Oil Competitiveness*. Government of Alberta: Edmonton. In 2008, approximately 30 per cent of Alberta's total GDP was from energy development, contributing $87 billion to the provincial economy.

8 Alberta Finance and Enterprise. (2011). *Highlights of the Alberta Economy*. Government of Alberta.

FIGURE 13
Small Businesses as a Percentage of Total Oil & Gas Industry in Alberta



Source: Statistics Canada (Canadian Business Patterns)

This may reflect the increasing use of in situ and other innovative methods of oil sands and unconventional gas recovery. The capital requirements of these approaches are generally much lower compared to traditional oil sands mining projects, allowing for the entrance and participation of small businesses.

» In 2010, the oil and gas industry included more than 5,300 small businesses

In 2010, the oil and gas industry included more than 5,300 small businesses. This was an increase of seven per cent from 2005, reflecting the continued growth of Alberta's energy sector. Over the same five years, the number of small drilling and services businesses increased 12 per cent, despite volatile resource prices and a global recession during that period.

TABLE 4
Total Small Businesses in Oil & Gas, Alberta, 2005 & 2010

Industry Grouping	2005	2010	5-Year Change
Total Oil & Gas	**5,037**	**5,370**	**7%**
Conventional Oil and Gas Extraction	1,354	1,257	-7%
Non-Conventional Oil Extraction	12	19	58%
Drilling & Services for Oil & Gas	3,671	4,094	12%

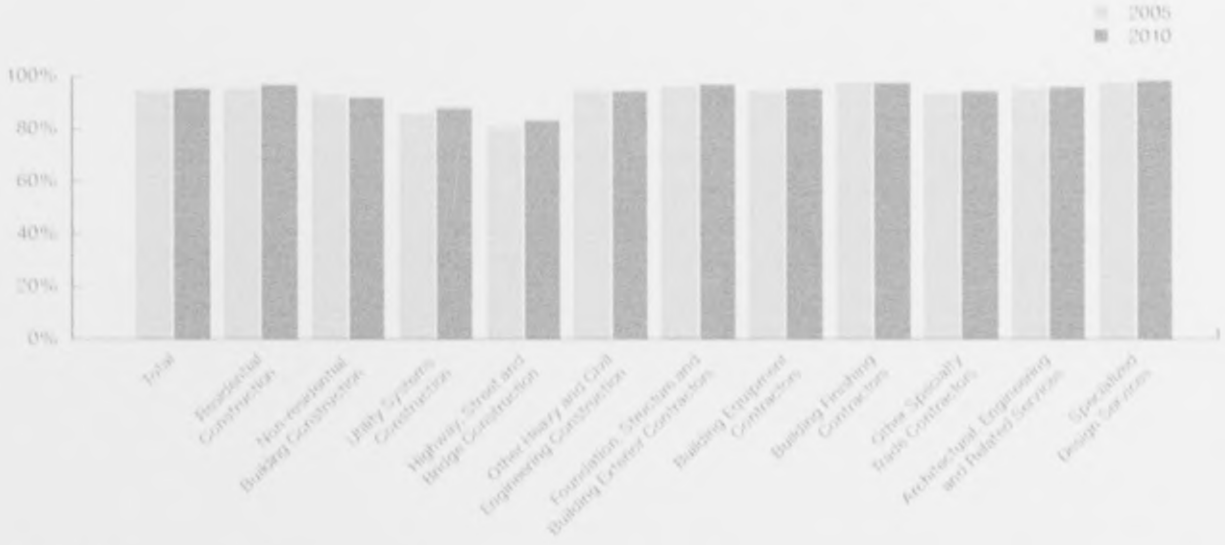
Source: Statistics Canada (Canadian Business Patterns)

Architecture, Engineering and Construction

Architecture, engineering and construction firms play essential roles in the provincial economy, serving and supporting the growth of many other sectors. This industry has been buoyed by Alberta's overall economic growth, including private investments in energy development, retail trade, and other sectors, as well as significant investments in public infrastructure.

FIGURE 14

Small Businesses as a Percentage of Total Architecture, Engineering, and Construction Industry in Alberta



Source: Statistics Canada (Canadian Business Patterns)

The industry is a major domain for small business, particularly in residential construction, contracting and the provision of construction related services.

As Alberta's high standard of living has attracted workers and families from across Canada and around the world, residential construction has provided numerous opportunities for small businesses. These consist of a variety of private home builders, including small firms specializing in the construction of custom and spec homes.

Thousands of small contractors are represented in the construction industry, and their numbers have markedly increased between 2005 and 2010. These are typically firms specializing in specific trades – such as plumbers and gasfitters, electricians, roofers, masonry workers and drywall contractors. These firms are usually sub-contracted by residential, commercial and industrial builders. Many also provide maintenance, repair and renovation services to homeowners and commercial property owners.

» Residential construction provides numerous opportunities for small businesses

TABLE 5
Total Small Businesses in Architecture, Engineering, and Construction, Alberta, 2005 & 2010

Industry Grouping	2005	2010	5-Year Change
Total Architecture, Engineering, and Construction	**22,625**	**24,673**	**9%**
Residential Construction	3,221	3,805	18%
Non-residential Building Construction	983	1,072	9%
Utility Systems Construction	1,012	1,038	3%
Highway, Street and Bridge Construction	332	340	2%
Other Heavy and Civil Engineering Construction	67	101	51%
Foundation, Structure and Building Exterior Contractors	2,604	2,939	13%
Building Equipment Contractors	3,338	3,900	17%
Building Finishing Contractors	3,120	3,697	18%
Other Specialty Trade Contractors	1,835	1,929	5%
Architectural, Engineering and Related Services	5,587	5,249	6%
Specialized Design Services	526	603	15%

Source: Statistics Canada (Canadian Business Patterns)

More than one-fifth of small businesses in this industry are in architecture, engineering – including oilfield engineering – and related services. These firms play crucial roles in the overall construction process, providing a range of planning, drafting, engineering and other technical services that support the conception and execution of construction projects. The knowledge and expertise of these small businesses are essential for all forms of construction and, by extension, for sustaining construction activity in the province.

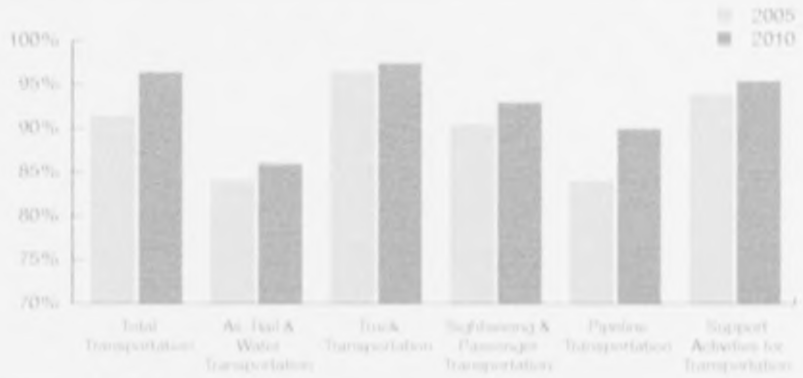
Transportation

The transportation sector is a vital component of Alberta's economy, providing critical services and linkages to markets for businesses in almost every other industry. Transportation companies facilitate the efficient flow of goods, services and people, enabling businesses to reach their customers and to access labour and materials.

Small businesses represent over 95 per cent of all transportation businesses in the province. The vast majority of these are involved in truck transportation. Each day thousands of small trucking companies are helping to keep Alberta's economy on the move, transporting goods and cargo both in and out of the province.

FIGURE 15

Small Businesses as a Percentage of Total Transportation Industry in Alberta



Source: Statistics Canada (Canadian Business Patterns)

Alberta's geographic position means that truck transportation is not only essential for trade and commerce within the province, but also for trade with broader markets. Exporters depend heavily on small trucking businesses as a cost-effective way to move their goods from Alberta to west coast ports, and to markets in the continental United States. This makes small businesses absolutely essential for maintaining the continuity of supply chains and helping Alberta businesses remain competitive.

» Small transportation businesses are essential for maintaining the continuity of supply chains

TABLE 6

Total Small Businesses in Transportation, Alberta, 2005 & 2010

Industry Grouping	2005	2010	5-Year Change
Total Transportation	**6,397**	**6,504**	**2%**
Air, Rail, and Water Transportation	107	118	10%
Truck Transportation	5,246	5,209	-1%
Sightseeing & Passenger Transport	362	366	1%
Pipeline Transportation	81	100	23%
Support Activities for Transportation	601	711	18%

Source: Statistics Canada (Canadian Business Patterns)

Small business also plays an important role in servicing the transportation industry overall. More than ten per cent of small transportation businesses provide support services to transporters. This includes activities such as maintenance, inspection and mechanical services. These businesses are typically comprised of highly skilled employees whose work helps Alberta's transportation systems remain reliable and efficient.

JADE HOMES INC.

BOW ISLAND, ALBERTA

You don't have to live in Bow Island to enjoy a home built there. For over a dozen years, houses built by Jade Homes in Bow Island have been trucked to customers' farms, acreages and town lots around southern Alberta and Saskatchewan.

Daryl Esau, the owner of Jade Homes, started as a journeyman carpenter. He became intrigued by friends in Manitoba and Saskatchewan who were selling and moving pre-built homes. In the mid-1990s, a change in provincial law allowed homes wider than 16 feet to be transported on Alberta roads. Daryl saw his chance.

Since 1998, Jade Homes has sent more than 135 homes into the countryside, complete from the floor joists up. Each project begins with the customer choosing or modifying one of Jade Homes' floor plans, or starting fresh with a custom plan. Once plans and details are finalized, the rest is simply a matter of superb carpentry and attention to detail.

Each house is built on Jade Homes' site in Bow Island. The end product is a complete home, finished inside and out and awaiting only appliances. From the construction site, the house is trucked an average of 100 to 300 kilometres to its final location – though some have gone as far as 640 kilometres.

To transport its houses, Jade Homes frequently uses Wade's House Moving, another small business from Taber.

Jade Homes' operations illustrate the innovation and efficiency that small businesses are known for. The firm comprises Daryl, an operations manager, an administrator, a production manager/designer, a framing crew and a finishing carpenter. Jade uses a roster of 10 subcontractors from Bow Island, Medicine Hat and Taber to complete its production force, maintaining the company's excellence in product quality.

"Ready to move, custom-built homes are a simple and economical way to get a house completed without hassles," says Daryl. "We pay attention to detail and we're serious about customer service."

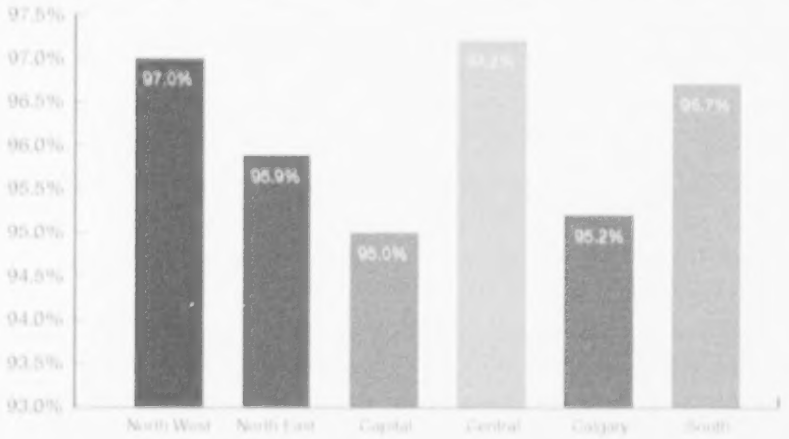
www.jadehomes.ca

3 REGIONAL SNAPSHOT

Alberta is a large and diverse place and each region of the province has its unique economic strengths and areas of business opportunity.

FIGURE 16
Alberta by Region

FIGURE 17
Small Businesses as a Percentage of All Businesses by Alberta Region



Source: Statistics Canada (Canadian Business Patterns)

North West

Forestry, agriculture and oil and gas are among the major industries found in the North West region. This region participates significantly in the manufacturing sector, mostly focusing on wood and forest products. Small businesses make up 97 per cent of the region's businesses.

North East

As home to Alberta's largest deposits of oil sands, the North East region has seen considerable economic growth over the past decade. While oil and gas is a dominant industry, the region also has considerable forestry and agriculture activity and is home to the Cold Lake Royal Canadian Air Force base.

Construction and retail trade have been among the region's fastest-growing sectors, spurred by investments in energy development. Almost 96 per cent of the region's businesses are small businesses.

Capital

The Capital region has Alberta's largest manufacturing industry, and accounts for 40 per cent of the province's manufacturing shipments. Small business constitutes 95 per cent of businesses in the region. Home to almost a third of Alberta's population, the region's largest employers include the health care sector, as well as construction and retail trade.

Central

Agriculture, construction, and oil and gas are the Central region's major economic drivers. The region also contributes to the manufacturing industry, mostly concentrating on the chemical sector. The Central region has Alberta's highest ratio of small business, a total of 97 per cent of all businesses in the region.

Calgary

Home to more than a third of Alberta's population, the Calgary region has a diverse economy. Ninety-five per cent of businesses in the region are small businesses. On an employment basis, the region's largest industries include retail trade, professional and technical services, health care, and construction.

South

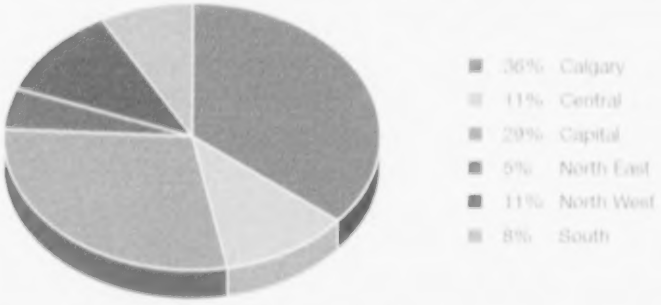
The agriculture sector dominates the economy of the South region, which has fostered the rise of many value-added food and beverage manufacturing companies. The region is also a large producer of wind energy and conventional oil and gas. Small businesses make up almost 97 per cent of all businesses in the region.

» Each region of the province has its unique economic strengths and areas of business opportunity

For the most part, Alberta's small businesses are distributed where you might expect. The greatest number of small businesses can be found in the Capital and Calgary regions, which have the highest populations. As home to Alberta's major urban centres, these regions also boast a significant number of large businesses, including the headquarters of many energy companies and financial institutions. This helps explain why these regions have a lower proportion of small businesses than other regions in the province.

FIGURE 18

Regional Share of Alberta Small Businesses, 2010



Source: Statistics Canada (Canadian Business Patterns)

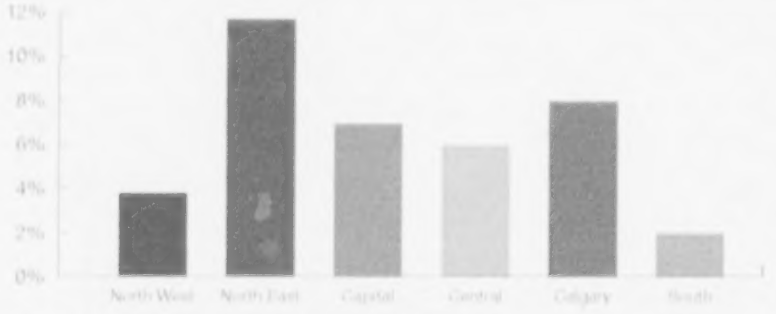
The remainder of Alberta's small businesses are fairly evenly distributed among the other regions of the province. An exception is the North East, which has the third lowest proportion of small businesses next to the Capital and Calgary regions. This may seem unsurprising given the predominance of large corporations involved in oil sands development.

However, the substantial economic growth in the North East is creating many opportunities for small businesses. The complex materials and labour that go into oil sands extraction projects require a variety of products and services across the economy – from construction contractors, to engineering services, to truck drivers, to restaurants and hotels so that crews have places to eat and rest. These opportunities are generating a flurry of small business growth. Between 2005 and 2010, the North East region had the highest increase in small businesses, considerably outpacing every other region in the province.

» Between 2005 and 2010, the North East region had the highest increase in small businesses

FIGURE 19

Change in the Number of Small Businesses by Region, 2005 – 2010



Source: Statistics Canada (Canadian Business Patterns)

BIRDS & BEES ORGANIC WINERY AND MEADERY

TWO HILLS COUNTY, ALBERTA

Located near Brosseau in the County of Two Hills, Birds & Bees Organic Winery and Meadery is Alberta's first and only organic winery producing orchard wines and mead (honey wine) since 2005.

With a lifelong commitment to holistic agriculture, the Chrapko family has been planting fruit trees and edible shelterbelts, as well as keeping bees and making wine for personal use since the 1960s. This was in addition to grain, lentils and legumes, forage crops, and livestock. In the mid-1990s, the Chrapko family began to further diversify their family farm from hogs into fruit production and became Alberta's first organic apple orchard. Long-time organic pioneers and environmental stewards, the family realized that the excess fruit could be turned into orchard wines and that honey from their bees could be turned into mead.

In 1999, Victor and Elizabeth Chrapko began working with the provincial government to change the regulations to permit cottage wineries in Alberta. The change made sense, promoting economic diversification and encouraging value-added production of Alberta agricultural products.

In 2005, provincial regulations were changed to allow cottage wineries in Alberta. The Chrapko family farm and winery is designated Certified Organic by the Organic Crop Improvement Association International (OCIA), the world's oldest and largest producer-run certifying body.

The Chrapkos realized another vision when, in 2009, cottage wineries were permitted to sell wine at Farmers' Markets in the province and in 2011, they were able to sell direct to liquor stores and restaurants.

For Victor and Elizabeth, the push for diversification, sustainability and value adding in agriculture was also about creating opportunities for young people to learn about fruit growing and wine production, without having to leave the province. In fact, when asked what she wants to be when she grows up, Victor and Elizabeth's eldest grandchild (8 years old) recently stated she wants to be a winemaker! And the great thing is that she can do just that in Alberta.

The Chrapko family vision continues today. Over the years they've won numerous awards, including a provincial "Family Farm Award" in 1990, and an Alberta Best Practices Renewal Award in 2007. They were also named International Organic Farmers of the Year by OCIA in 2009, and received an Alberta Farmers Market Award in 2010. The family lives by the motto to *leave the world a better place than you found it*.

You might say that for the Chrapkos, success has been organic and fruitful!

www.birdsandbeeswinery.com

4 SMALL BUSINESS, BIG IMPACT

It's clear that small businesses in Alberta are anything but small when it comes to their impact.

In addition to their economic and employment contributions, Alberta's small businesses help move the province forward by supporting major resource companies and other large firms across the economy. Sitting at the intersection of innovation and opportunity, entrepreneurs are continually identifying and responding to the needs of consumers and industry. As flexible and agile enterprises, they roll with the evolving economy, modifying their products and services and adopting new technologies to meet ever-changing demands in the marketplace.

Small businesses are also crucial for our province's long-term competitiveness. They provide vital and cost-effective transportation access for Alberta goods to national and international markets. They are responsible for a range of support activities, helping businesses maintain efficient and effective operations and ensuring the continuity of supply chains. For our province's large resource producers, small businesses are essential and reliable workhorses – providing a range of specialized services to support their complex undertakings.

Simply put, Alberta's small business sector is fuel for Alberta's economic engine. Without the efforts and hard work of small business, our province's economic growth would not be possible.

As the provincial economy continues to grow and evolve, small business will play an increasingly important role in generating sustained prosperity for Alberta and Albertans. Alberta's economic success is, and will continue to be, built on the dreams, risk-taking, dedication and resiliency of small businesses and entrepreneurs.

Technical Notes

All statistics presented in this document are based on the best data available as of July 2011. The results may differ from estimates produced in other studies using different data and different methodologies. Differences will potentially be more in terms of absolute numbers, rather than the direction of trends or the relative standing of Alberta compared to other provinces. Future editions of the Small Business Profile will incorporate statistical revisions, such that year-over-year comparisons should not be made using this year's edition.

Data Sources

Estimates of the number of businesses are originally based on Statistics Canada's Business Register, from which Alberta Finance and Enterprise purchases a summary product entitled Canadian Business Patterns. Estimates of employment have been produced using Statistics Canada's Survey of Employment, Payrolls and Hours and Labour Force Survey. All small business gross domestic product numbers have been obtained from BC Stats' Small Business Profile report and are transformed into levels using Statistics Canada data for provincial GDP. The age of employees was determined using Statistics Canada's Labour Force Survey.

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